

Benefits of Advance Ship Notice (ASN) in Modern Supply Chains

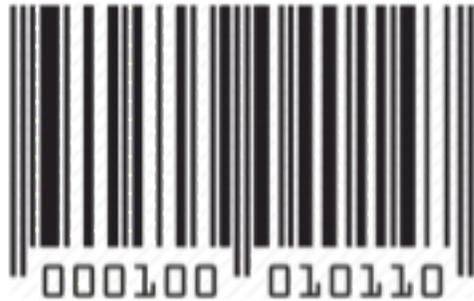


What you will learn from the e-Book

1. What is an Advance Ship Notice?
2. Benefits
3. Challenges
4. Implementing Vendor ASN
5. Business Scenarios for ASN
 - ▶ Distribution Centre Cross-Docking
 - ▶ Distribution Centre Receiving & Put-away
 - ▶ E-commerce Dropship
 - ▶ Direct Store Delivery
 - ▶ Third Party Logistics ASN
 - ▶ Import ASN
 - ▶ Evaluated Receipt Settlement



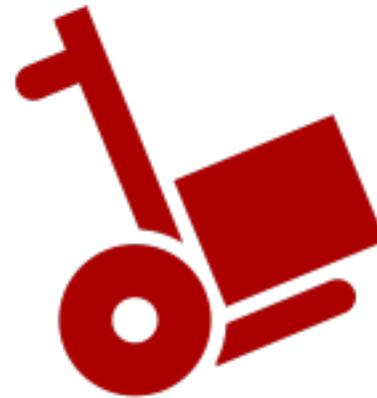
What is an Advance Ship Notice?



- ▶ ASNs are effectively electronic packing slips that are transmitted by a supplier/shipper and received by you in advance of the shipment. It digitally follows the physical shipment from source-to-shelf.
- ▶ Supplier electronic ASNs are accompanied by physical barcode labels attached to corresponding cartons/pallets that act as license plates for inbound goods by matching them electronically to detailed shipping information residing in ASNs and POs.
- ▶ Electronic ASNs provide a lot of essential detail about the physical shipment and often adhere to the “SOPI” structure: shipment, order, pallet and item level information provided.
- ▶ This information is valuable not only to the receiving location, such as Distribution Centre (DC), but also to the final destination such as a store or forward stocking location or to an end consumer for drop-ship e-commerce.

Benefits of EDI Vendor ASNs

1. Inbound inventory visibility: what is coming in from the vendor, when and how is it packed. What is in each carton and pallet.
2. Automated Receiving : single scan of UCC-128 bar-code to receive and update PO; significant effort reduction at DC/Store receiving area
3. Automated X-Dock: full utilization of mechanization systems within DC for sorting and x-docking; reduction of DC inventory from flow through inventory
4. Labour scheduling: optimized part time/full time/ seasonal labour scheduling plan at DC based on inbound visibility
5. Eliminate invoice process by adoption of Evaluated Receipts Settlement (ERS)
6. Provide end-to-end shipment status tracking capability, including for vendor dropship to store and to consumer
7. Reduce inventory throughout system without negatively affecting in-stock and DC service levels to stores or e-commerce fulfillment; ASNs enable reductions in lead times and required safety stock, thereby lowering overall system inventory.



Challenges in Adopting a Vendor ASN program

- ▶ You need a functioning WMS in order to fully utilize and capture benefits from a vendor ASN
- ▶ Vendors may not be ready to implement an EDI ASN due to technical limitations; Web EDI solutions vendors are often used to successfully overcome this problem
- ▶ ASNs should be tied to data from original EDI purchase orders. “Standalone ASNs” have been tried and provide limited success due to data errors
- ▶ Most vendors have to be onboarded for EDI ASNs in order for you to capture substantial benefits; vendor EDI onboarding can be a resource intensive task and is usually outsourced to firms that provide EDI onboarding managed services

Vendor ASN Implementation Best Practice

1. Develop an excellent understanding of the desired benefits from a frictionless inbound logistics program; develop ASN business and technical specifications based on driving these benefits
2. Ensure that WMS and ERP are set up to accommodate ASN data, including having scan-receiving capability at DC or Store
3. Develop or expand EDI program to accommodate vendor ASNs
4. Vendor compliance
 - ▶ Develop a vendor compliance program, with chargebacks associated to non-compliance to ASN service levels
 - ▶ Develop and communicate vendor scorecards to vendor base to keep them apprised of overall supply chain execution performance level
5. Ensure that vendors adopt a standard EDI ASN, based on your requirements; avoid customizing EDI ASNs for each supplier trading partner
6. Utilize a pilot + big bang approach to rollout out ASNs; ensure that all supply chain stakeholders have a change management program in place to transition from manual to automated inbound receiving



Distribution Centre Cross-Docking

Cross docking is a process in which product is received in a facility, occasionally combined with other pallets bound for the same destination and then shipped as soon as possible.

Cross docking requires advance knowledge of the inbound product, its final destination (such as a store or factory), and a system of routing the product to the proper outbound vehicle

The Advance Ship Notice provides the “advance knowledge of the inbound product” which is key to a successful cross-docking program

Distribution Centre Receiving & Automated Put-away

Sophisticated warehouse management software (WMS) systems have the ability to automatically assign storage locations from an advanced shipment notice (ASN) or upon receipt to the dock. Automated conveyor systems that are capable of sorting and diverting materials by zone and location can optimize the direct put-away process.

ASNs provide vital information to automate the receiving and put-away process in such warehouses



Business Scenarios for ASN

Vendor Drop-Ship to Store and End Customer

In Retail, E-Commerce and other end-customer oriented industries, it is common practice to have vendors “dropship” ecommerce orders or items out-of-stock in store, directly to the end customer. Certain items are also ordered as “Direct-Store-Delivery” (DSD), the central distribution centres.

Vendor ASNs provide vital inbound visibility to the store and/or the consumer. ASNs for e-commerce orders also carry the courier’s shipment tracking code, which is required for overall shipment tracking (such as from within the e-commerce site)



Third Party Logistics (3PL) ASN



Logistics providers are often asked by manufacturers to not only act as contract logistics providers for outbound shipments but to also generate and transmit ASNs on their behalf to final recipients of the product.

This requires the 3PL organization to manage original order data in a complex EDI integration scenario with their manufacturer customer.

Evaluated Receipts Settlement (ERS)

Evaluated Receipt Settlement (ERS) produces an automated payment to vendors on successful receipt of ordered product, without requiring for a paper or EDI invoice from the vendor.

When the supplier shipment is received by the Warehouse Management System, a corresponding goods receipt is raised within the ERP/Inventory Management system.

An automated payment is then generated for the received product, based on price and terms within the purchase order. A payment notice is usually sent to the vendor via an EDI 820 Remittance Advise message.

ERS requires that the receiving party (e.g. a retailer or manufacturer receiving product from suppliers) maintains accurate item data in their purchasing system. This is usually achieved by implementing an automated and integrated item listing and item cost management process. Such a listing management process, in turn, is facilitated by specialized new product listing management systems and centralized and automated electronic catalogue submissions by vendors, using EDI 832, vendor portals and other means.

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